

City of San José

Coyote Valley Specific Plan

Summary of Affordable Housing Focus Group Meeting #3

November 21, 2005

200 E. Santa Clara Street, Room T332

Affordable Housing Focus Group Members Present

Shiloh Ballard (SVLG), Chris Block (CHDC), Sean Charpentier (Working Partnerships), Dennis Martin (HBANC), Stephanie Schaaf (EHC LifeBuilders), Evelyn Stivers (NPH), Lydia Tan (BRIDGE Housing), Connie Langford (Senior Commission), Kerry Williams (CHG), and Dan Hancock (CHG).

City Staff Present

Sal Yakubu (PBCE), Susan Walsh (PBCE), Sylvia Do (PBCE), Mike Meyers (Housing), and Rebecca Flores (Housing).

Consultants Present

Doug Dahlin (Dahlin Group), Stephanie Chang (Dahlin Group), Darin Smith (Economic and Planning Systems), and Eileen Goodwin (Apex Strategies).

1. Welcome and Introductions

Eileen Goodwin, with Apex Strategies, welcomed everyone to the third Coyote Valley Specific Plan (CVSP) affordable housing focus group meeting. The meeting began with introductions around the room.

2. Agenda Review and Meeting Purpose

Eileen reviewed the meeting agenda. The purpose of the meeting was to review the elements and approaches of an affordable housing strategy for Coyote Valley.

3. Refinement of Goals and Policy Objectives and HAC Recommendations

Sal Yakubu, with the Planning, Building and Code Enforcement (PBCE) Department, reviewed the comments the focus group previously made on the CVSP draft affordable housing objectives and issues.

Sal also reviewed the Housing Advisory Committee's (HAC) recommendations for policy objectives and issues regarding the CVSP affordable housing strategy.

Focus group members provided the following comments:

- The HAC recommended that all the funding needed to provide for the affordable housing goals, including extremely low income (ELI) and very low income (VLI), be generated from within Coyote Valley. However, the CVSP Task Force already concluded that ELI and VLI housing could receive city or Redevelopment Agency subsidy.
- Need flexibility for ELI, VLI, and low-income (LI) housing. LI should be the most flexible.
- Should add a housing trust.
- Need flexibility for private and nonprofit developers.
- Affordable housing does not necessarily rely on market-rate housing.
- Suggested having triggers once permits are pulled or at the predevelopment financing stage with the Housing Department.
- Concerned about political hurdles that may affect affordable housing requirements. For instance, density may be reduced due to parking requirements, setbacks, etc.
- Recommended against identifying sites for specific affordability levels.

4. Potential Strategies and Approaches

Mike Meyers, Deputy Director with the Housing Department, reviewed the affordable housing approaches and options for Coyote Valley. 20 percent of all housing units in Coyote Valley should be deed restricted affordable units, of which 80 percent should be rental units and 20 percent should be ownership units. Residential developers should: (1) pay fees to the affordable housing land trust to provide for 80 percent affordable rental units, and (2) select from the following options to provide for the 20 percent affordable ownership units – build them in the project as inclusionary units, dedicate land and pay subsidy fees, or pay in-lieu fees, pursuant to the following:

	Rental 80%	Ownership 20%
Minimum Number of Affordable	4,000 units	1,000 units
Income Level	ELI = 1,500 units VLI = 1,400 units LI = 1,100 units	MOD = 1,000 units and pay fees to further subsidize MOD units to VLI and LI level, which yields: MOD = 650 LI = 250 VLI = 100
Option 1: Inclusionary	N/A	Build MOD units and pay VLI and LI subsidy fees
Option 2: Land Dedication	N/A	Dedicate land for MOD units and pay fees to subsidize VLI and LI units ¹
Option 3: Financing/Fees	CVSP affordable housing land trust financing for 100% affordable projects to achieve target goals, each project provides: 37% ELI 35% VLI 28% LI	In lieu fee for projects less than 50 units

¹ For land dedication, there is a minimum yield requirement: 1 SFD, 5 SFA, or 10 MFA.

In regards to the land dedication/land trust, a community facilities district (CFD), development agreement, or other mechanism would be used estimate and assess fees sufficient to acquire necessary land and related on and off-site infrastructure costs. The inclusionary fee would be based on the CFD fee level.

Focus group members provided the following comments:

- The affordable housing strategy needs to be flexible since: (1) the number of required affordable units varies for each project, (2) developers have different varied expertise in deepening affordability, and (3) other strategies may be available in the future.
- Need a coordinated approach between developers and the non-profit community. Developers could dedicate land or pay an upfront fee and allow non-profit organizations to deepen the affordability level.
- Recommended that developers build the affordable housing units.
- Recommended increasing the number moderate ownership units from 650 to 750. Moderate ownership units to be inclusionary, with the ability to trade to obtain credits from other developers.
- Recommended decreasing the number of low-income ownership units from 250 to 150 with subsidy.

- 100 very low-income ownership units would be provided by Habitat for Humanity through land dedication and subsidy.
- Recommended that CFDs pay for development shortfalls in order to meet affordability goals.
- CFD should not be time restricted (e.g. for a 30-year period).
- Need to create a formula that calculates fees overtime.
- CFD should incorporate a provision to adjust the fees to accommodate increased costs over time.
- Darin Smith, with Economic and Planning Systems (EPS), to determine the actual subsidy cost within two weeks.

The focus group revised the CVSP affordable housing approaches and options as follows:

	Rental 80%	Ownership 20%
Minimum Number of Affordable	4,000 units	1,000 units
Income Level	ELI = 1,500 units VLI = 1,400 units LI = 1,100 units	MOD = 1,000 units and pay fees to further subsidize MOD units to VLI and LI level, which yields: MOD = 750 (inclusionary, with the ability to trade to obtain credits from other developers) LI = 150 (with subsidy) VLI = 100 (Habitat for Humanity with land and subsidy)
Option 1: Inclusionary	N/A	Build MOD units and pay VLI and LI subsidy fees
Option 2: Land Dedication	N/A	Dedicate land for MOD units and pay fees to subsidize VLI and LI units ¹
Option 3: Financing/Fees	CVSP affordable housing land trust financing for 100% affordable projects to achieve target goals, each project provides: 37% ELI 35% VLI 28% LI	In lieu fee for projects less than 50 units

¹ For land dedication, there is a minimum yield requirement: 1 SFD, 5 SFA, or 10 MFA.

In regards to the land dedication/land trust, a CFD, development agreement, or other mechanism would be used estimate and assess fees sufficient to acquire necessary land and pay related costs to fund other development shortfalls to meet the stated goals. The inclusionary fee would be based on the CFD fee level. The CFD should incorporate a provision to adjust the fees to accommodate increased costs over time.

5. Next Steps/Adjourn

Discussion regarding the potential affordable housing opportunity sites has been deferred to the next focus group meeting.

Eileen adjourned the meeting at 5:00 p.m. Sal and Susan Walsh to revise affordable housing strategy based on focus group comments.